



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

December 23, 2013

TO: Ronald L. Brown
Public Defender

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **PUBLIC DEFENDER – PAYROLL/PERSONNEL FOLLOW-UP REVIEW**

We have completed a follow-up review of the Public Defender's (PD or Department) progress in implementing the 13 recommendations from our May 29, 2012 report on the Department's payroll and personnel operations. PD staff are responsible for payroll functions such as overtime controls, bonus eligibility, recording time and attendance, and processing employee terminations. The purpose of our original review was to determine whether PD's payroll operations complied with County Fiscal Manual (CFM) requirements.

Results of Review

PD has fully implemented five (39%) recommendations, has partially implemented six (46%) recommendations, and has not implemented two (15%) recommendations. The following are the 13 recommendations and their implementation status from our May 29, 2012 report.

Overtime Approval and Monitoring

Recommendation 1

Public Defender management ensure that all non-emergency overtime is pre-approved and appropriately documented.

Current Status: PARTIALLY IMPLEMENTED

We noted that PD Human Resources has trained branch managers on PD policy C-7, which requires written pre-approval for all overtime shifts. However, PD's branch managers could not document that five (63%) of the eight non-emergency overtime shifts reviewed were pre-approved. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD management should monitor to ensure that branch managers and staff document overtime pre-approvals in writing.

Recommendation 2

Public Defender management review and annotate the Countywide Timekeeping and Payroll Personnel System (CWTAPPS) Overtime Activity Report to ensure overtime is accurate and appropriately approved.

Current Status: NOT IMPLEMENTED

PD staff can now access the Overtime Activity Report in the Electronic Human Resources (eHR) system which replaced CWTAPPS. We interviewed PD's Human Resources management and noted that PD has not developed a process to review the eHR Overtime Activity Report. Therefore, we consider this recommendation to be not implemented.

To implement this recommendation, PD management should develop and implement a process to review and annotate the Overtime Activity Report to ensure that overtime reported is accurate and appropriately approved.

Bonus Documentation

Recommendation 3

Public Defender Human Resources keep supporting documentation for all bonuses.

Current Status: PARTIALLY IMPLEMENTED

PD management indicated that they have implemented a bonus review desk procedure to ensure all employee bonuses are appropriately documented. However, we reviewed 10 employee bonuses and noted that one (10%) employee receiving a bilingual bonus does not have the required bonus approval form or Language Proficiency Certification in his personnel file. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD Human Resources should review the supporting documentation for employees receiving a bonus to ensure there is proper support for the bonus approval and for the employees' bonus eligibility.

Recommendation 4

Public Defender Human Resources verify employee eligibility for all bonuses annually, and terminate bonuses of ineligible employees.

Current Status: PARTIALLY IMPLEMENTED

We noted that PD Human Resources reviews employee eligibility for bonuses when events such as promotions, transfers, or terminations occur. However, they do not annually verify all bonus eligibility as required by CFM Section 3.1.8. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD Human Resources should verify employee eligibility for all bonuses annually, and terminate bonuses of ineligible employees.

Proxy Timecard Certification and Controls**Recommendation 5**

Public Defender management ensure employees certify the accuracy of proxied time sheets by signing a hardcopy of the time sheet.

Current Status: PARTIALLY IMPLEMENTED

PD management indicated that they have trained PD employees and timekeepers on CFM proxy timecard policies, which include requiring staff to certify the accuracy of proxied time sheets by signing a hardcopy. However, we noted that three (30%) of the ten proxied time sheets reviewed in April 2013 were not signed/certified by the employee on a hardcopy time sheet. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD management should monitor to ensure that staff certifies the accuracy of proxied time sheets by signing a hardcopy of the time sheet.

Recommendation 6

Public Defender management ensure that proxies do not submit and approve the same time sheets.

Current Status: PARTIALLY IMPLEMENTED

We reviewed an eHR listing of all of PD's proxied time sheets for the April 15, 2013 pay period, and noted that four (4%) of the 107 proxied timesheets reviewed were submitted and approved by the same employee. CFM Section 3.1.7 states that proxies should not

submit and approve the same time sheet. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD management needs to monitor and ensure that proxies do not submit and approve the same time sheet.

Payroll Distribution

Recommendation 7

Public Defender management ensure staff with no payroll/personnel responsibilities receive and sort payroll warrants.

Current Status: IMPLEMENTED

We reviewed the job assignments for staff that receive and sort payroll warrants, and noted that payroll warrants are received, sorted, and distributed by staff with no payroll/personnel responsibilities. Therefore, we consider this recommendation to be implemented.

Recommendation 8

Public Defender management immediately investigate all payroll irregularities, such as inconsistencies identified during annual payoffs.

Current Status: IMPLEMENTED

PD fiscal staff conducted an employee verification ("payoff") review in May 2013 after we informed them that one had not been conducted in over two years. We reviewed the results of the May 2013 payoff and noted that fiscal staff immediately investigated payroll irregularities. Therefore, we consider this recommendation to be implemented.

PD management needs to ensure that staff conduct payoff reviews annually, as required by CFM Section 3.1.12.

New Recommendation

- 1. Public Defender management ensure that staff conduct annual payoffs.**

Recommendation 9

Public Defender management ensure payoffs are conducted on an unannounced basis.

Current Status: IMPLEMENTED

We reviewed PD's payoff instructions, and interviewed payoff staff at five (9%) of the 58 PD branch offices. We noted that payoff staff were instructed to conduct the payoff on an unannounced basis, and the payoff staff interviewed did not give employees prior notice of the payoff. Therefore, we consider this recommendation to be implemented.

Terminations

Recommendation 10

Public Defender Human Resources ensure Personnel management (or someone independent of entering jobs, timecards, and/or terminations on CWTAPPS) maintains a list of terminated employees, and traces terminated employees' names to the Payroll Sequence Register after the employees terminate.

Current Status: IMPLEMENTED

We interviewed PD fiscal staff and reviewed their documentation for tracing terminated employees to the payroll register. We verified that staff maintain a listing of terminated employees and trace the names to the payroll register for three months after the employees' termination date. Therefore, we consider this recommendation to be implemented.

Payroll System Security

Recommendation 11

Public Defender management ensure that all employees with access to County computer data sign an acknowledgement of the Department's security policy.

Current Status: IMPLEMENTED

We reviewed 10 PD employees with access to County computer data on the eHR system, and verified that all 10 employees had a signed data security policy acknowledgement on file. Therefore, we consider this recommendation to be implemented.

Recommendation 12

Public Defender management ensure that CWTAPPS security reports are annotated, signed, and dated by the person reviewing them.

Current Status: NOT IMPLEMENTED

We interviewed PD Human Resources management and noted that they have not reviewed, signed, and dated eHR security reports since the eHR system replaced

CWTAPPS in April 2012. Therefore, we consider this recommendation to be not implemented.

To implement this recommendation, PD management should develop a process to ensure that eHR security reports are reviewed at least quarterly and annotated, signed, and dated by the person reviewing them.

Desk Procedures

Recommendation 13

Public Defender management develop and implement specific desk procedures for payroll and personnel assignments.

Current Status: PARTIALLY IMPLEMENTED

We noted that PD management has implemented PD Policy C-7 that provides staff with guidelines for obtaining overtime pre-approvals. However, PD still needs to develop procedures to guide staff in conducting annual employee verifications ("payoffs"), processing proxy timesheets, documenting employee bonuses, and reviewing payroll system security reports. Therefore, we consider this recommendation to be partially implemented.

To fully implement this recommendation, PD management needs to develop and implement specific desk procedures for the payroll and personnel assignments noted above.

Review of Report

We discussed the results of our follow-up review with PD management. The Department's attached response indicates agreement with our findings and recommendations.

We thank PD management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:AB:RS:MP

Attachment

c: William T Fujioka, Chief Executive Officer
Public Information Office
Audit Committee



RONALD L. BROWN
PUBLIC DEFENDER

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December 12, 2013

To: Wendy L. Watanabe
Auditor-Controller

From: Ronald L. Brown
Public Defender

Subject: **RESPONSE TO AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL
REVIEW – PUBLIC DEFENDER (670)**

Attached is the Public Defender's response to the recommendations proposed by the Auditor-Controller's in the report of its Payroll/Personnel Review. We are in agreement and we have taken or initiated actions to address and implement the recommendations contained in the report.

If you have any questions or require additional information, please have your staff contact Departmental Human Resources Manager Corrine Cortinas at (213) 974-2800 or via email at ccortinas@pubdef.lacounty.gov.

RLB:cec

Attachment

c: Elaine Palaologos, Admin. Deputy PD
Corrine Cortinas, DHRM II

Los Angeles County – Public Defender (PD) Department (670)

Response to Auditor-Controller Payroll/Personnel Review

Overtime Approval and Monitoring:

Auditor Controller Recommendation #1

Public Defender management ensure that all non-emergency overtime is pre-approved and appropriately documented. Partially implemented.

PD Response:

Agreed. To be implemented. PD management will address this issue by revising Policy C-7 Overtime to include language that will require timekeepers to submit to Human Resources at the end of each pay period, copies of overtime approvals for employees who worked overtime in that pay period. PD managers, supervisors and timekeepers will be retrained regarding the revised PD Policy C-7.

Auditor Controller Recommendation #2

Review and annotate the CWTAPPS Overtime Activity Report to ensure overtime is accurate and appropriately approved.

PD Response:

Agreed. To be implemented. PD Human Resources staff will utilize the Overtime Activity Report in eHR to reconcile reported overtime activity with overtime approvals received at the end of each pay period. The Overtime Activity Report shall be annotated to ensure that overtime reported is accurate and appropriately pre-approved.

Bonus Documentation:

Auditor Controller Recommendations #3 and #4:

Public Defender Human Resources keep supporting documentation for all bonuses.

Verify employee eligibility for all bonuses annually, and terminate bonuses of ineligible employees.

PD Response:

Agreed. To be implemented. PD Human Resources will review supporting documentation for employees receiving a bonus to ensure there is proper support for

the bonus approval and appropriate documentation proving the employees' eligibility to receive such bonus (e.g. language proficiency certificate). PD Human Resources will perform an audit of all employees' receiving any type of bonus to ensure compliance with all eligibility requirements.

In addition to reviewing employee eligibility for bonuses when employees are promoted, transferred from one work unit/location to another, PD Human Resources will annually verify employee eligibility for all bonuses, and terminate bonuses of employees who are no longer eligible, consistent with CFM Section 3.1.8.

Proxy Timecard Certification and Controls:

Auditor Controller Recommendation #5:

Ensure employees certify the accuracy of proxy time sheets by signing a hardcopy of the timesheet.

PD Response:

Agreed. To be implemented. PD management shall monitor to ensure that their subordinate employees' certify the accuracy of proxied time sheets by requiring them to sign a hardcopy of the time sheet. PD managers and supervisors

Auditor Controller Recommendation #6:

Ensure that proxies do not submit and approve the same time sheets.

PD Response:

Agreed. To be implemented. PD HR management shall monitor eHR to ensure proxies do not submit and approve the same time sheet. PD timekeepers and proxies will be retrained to ensure compliance with CFM Section 3.1.7.

Payroll Distribution:

Auditor Controller Recommendation #8:

Immediately investigate all payroll irregularities, such as inconsistencies identified during annual payoffs. Current Status: IMPLEMENTED

PD Response to New Recommendation #1.:

PD Response:

Agreed. Implemented. PD management will ensure payoffs are conducted annually.

Payroll System Security:

Auditor Controller Recommendation #12:

Ensure that CWTAPPS security reports are annotated, signed, and dated by the person reviewing them.

PD Response:

Agreed. To be implemented. PD HR management shall immediately develop a process to ensure that eHR security reports are reviewed quarterly and annotated, signed and dated by the person reviewing them.

Desk Procedures:

Auditor Controller Recommendation #13:

PD management develop and implement specific desk procedures for payroll and personnel assignments.

PD Response:

Agreed. To be implemented. PD HR management shall immediately develop and implement specific desk procedures for the payroll related and personnel assignments as indicated for 1) Conducting Annual Employee Verifications (payoffs), 2) Processing Proxy Timesheets, 3) Documenting Employee Bonuses, and 4) Reviewing System Security Reports.

Payroll/Personnel Follow-Up Review/12/12/2013.coc